

WASHINGTON STATE GAMBLING COMMISSION

MINUTES COMMISSION MEETING THURSDAY, MAY 13, 1993

Chairman Graham called the meeting to order at 1:30 p.m., at the Red Lion Hotel, Yakima, Washington.

MEMBERS PRESENT:PATRICK GRAHAM, Chairman; Commissioners THOMAS KEEFE, ROBERT TULL, ARDITH DIVINE and WANDA MOSBARGER, and Ex Officio Members SENATOR RAY MOORE and REPRESENTATIVE JUDI ROLAND.

OTHERS PRESENT:FRANK MILLER, Director; SHARON TOLTON, Special Assistant to the Director; BEN BISHOP, Assistant Director; NEAL NUNAMAKER, Deputy Director; CALLY CASS-HEALY, Program Manager; JONATHAN McCOY, Assistant Attorney General; SUSAN YEAGER, Executive Secretary.

Chairman Graham introduced the new ex officio member from the Legislature, Representative Judi Roland, who is from Auburn.

STAFF REPORTS

Director Miller said he'd give a brief report on legislation first. Two pieces of legislation have had an impact on the Gambling Commission; the first was a concurrent resolution between the House and Senate that will result in a governmental task force being formed of 11 members to examine the public policy on gaming in the state, and they will report back to the Legislature in January of 1994. There was an amendment by the Senate to include an analysis on combining the Gambling, Lottery and Horse Racing commissions into one agency. There will be representation from the Gambling Commission on the task force, and the agency plans to work very closely with the leadership of both houses.

Director Miller said there was also a Senate resolution adopted on the last day of session to address the charitable gaming bill that was before the Legislature again this session. This resolution directs the Gambling Commission to draft rules necessary to implement the system should the bill pass next year.

Director Miller said there is a third piece of legislation pending approval by the Governor that would clarify the powers of the Gambling Commission regarding wages and salaries of charitable organizations. It would make those powers permissive and not mandatory. This bill passed both houses and is expected to be approved by Governor Lowry. Due to the moratorium on gambling, there were no tax increases on pull tabs, and the agency's revolving fund was left intact.

Commissioner Tull asked what Mr. Miller estimates it will take to fulfill the intent of the Senate on the draft rule-making exercise for the charitable gaming bill, and what type of rules and regulations

will need to be covered. **Director Miller** said this process is being done in advance of the bill passing, so that if it does pass next year, there won't be a lengthy time period before it can be implemented. The compacts in place now contain language that is a model for setting up internal controls and procedures. The largest specific difference will be the licensing of charities and the selection process of who would get the franchises, and the Gambling Commission has been designated as in charge of the selection of which charities would get the individual casinos. That criteria will have to be developed by the Commission and will be more difficult to complete by the January 1 deadline. The agency does already have some ideas to share on that. The process just needs to be developed.

Commissioner Tull asked who the members of the task force are. **Director Miller** said the individual members have not been announced yet, but they will include 11 members: 10 from the Legislature (five from each house), one from the Governor's Office, one from each of the agencies involved in gaming (without a vote), and he's heard that there may be an announcement made this week as to the actual membership. **Senator Moore** said he has no additional information at this time on the actual members.

LICENSES, CHANGES, WITHDRAWALS and TRIBAL CERTIFICATIONS

Commissioner Tull asked what WDT Associates Inc. supplies in the Class III area; **Director Miller** said it's strictly consulting services for the Nooksack Tribe, and the Tribe actually receives a percentage of the revenues that Export Inc. makes. **Commissioner Tull** moved for approval as they are set forth in the agenda packet; **Commissioner Mosbarger** seconded the motion, motion carried.

REVIEW OF FRIDAY'S AGENDA

Ms. Tolton said there are 14 rules up for final action on tomorrow's agenda, with the exception of number Item 3A (14), which has already been filed as an emergency. These rules are being asked for an effective date of July 1, 1993, following any action taken tomorrow. There are seven rules up for discussion only and final action in June, and there are no new rules on the agenda at this time.

GENERAL DISCUSSION

Director Miller said distributors study group met this morning. The group has been looking at the issue of predatory pricing and trying to develop a system to preserve the integrity and free-flow of products because the existing rule is difficult to enforce. Some people have been abiding by the rules and some are not, so the group and staff have been working to come up with new rules. Until those are implemented, Mr. Miller said he will make sure the existing rule is enforced, and he will issue a memo on Monday clarifying the current rule regarding pricing and saying it will be strictly enforced until new rules are in place. There will be another distributors' meeting held on Thursday June 10th before the Commission meeting at the Seattle Sheraton Hotel where they will be able to present a proposal. This area should be one that is self-regulating, especially if the agency continues to certify and qualify each distributor from the group up as having the ability to be part of this industry. If a consensus is not reached, staff will come back with an independent rule. Anything passed at this point in time would be effective in January of 1994, so there is time for in-depth discussion.

Director Miller said the meeting with the commercial operators/tavern industry included a discussion on pull tab retention requirements. The group feels that four months is too long, even though it used to be six months. They would like to see it reduced to a two-month retention requirement to alleviate storage problems. The possibility of that will be look into by staff to determine whether it can be done and still maintain the ability of staff to regulate and audit. He asked Mr. Bishop to cover what went on in the bingo study committee meeting.

Mr. Bishop said the meeting was very good, and that a rule was presented for the first time to address some of the criteria for certifying charitable/non-profit organizations, the control structure and reviewing them annually. Staff asked them to take copies of these draft rules back and share the information with their board members.

Director Miller said he has an overview on tribal gaming and on the recent NAGRA (North American Gaming Regulators Association) conference in Montana. The conference was a great opportunity for information sharing with other states and Canada. Director Miller said he gave a presentation on tribal gaming. There are 79 compacts nationally; 10 in the state of Washington. There are 68 or so tribes in 18 states that have Class III gaming. Minnesota has 17 large-scale Class III operations that have generated about \$4-5 billion so far. Wisconsin has 17 Class III casinos that are also quite profitable for the tribes, and the state is still working on setting up a regulatory body with little funds. They weren't able to get enough funding through the compacts they entered into for regulation of the tribal casinos by the state. In Washington state, the estimated cost for regulation is \$200,000 per year per tribe.

Director Miller said there is tremendous pressure nationally to reopen the Indian Gaming Regulatory Act (IGRA). The Attorneys General and the tribes have met with U.S. Senator Inouye, and the governors are meeting with him next week in Washington, D.C., to look at reopening the Act and consider: clarifying what is negotiable, resolving the 10th and 11th Amendment arguments used by many states as a defense to litigation, considering requiring tribes to comply totally with state law (which is not likely to pass), considering giving states the ability to step aside and let the federal government handle negotiations if the states choose to waive their rights to negotiate. The NAGRA conference showed what many states are now facing and what their compacts have enabled the tribes to do, which is run high-stakes, professional gaming without having obtained approval by a state legislative body.

Commissioner Tull asked if Wisconsin has seen market saturation in the areas where tribal casinos are close to each other; **Director Miller** said he's not sure if all the operations are open yet in Wisconsin, but in Minnesota, Mystic Lake is adding 1,000 square feet to the casino, which has already had an impact on two other very nice operations 40 or 50 miles away. There is some impact on tribal games by other tribal games, which he expects in this state also. The need is to be able to work with NAGRA to strength the regulatory agencies across the county, and some state are really struggling because they don't have the money to regulate Class III gaming. Connecticut has the largest casino operation in the world and only one person to regulate it. This is one of the few industry that can actually pay for its own regulation in that the money comes from the people who profit from the operation. Most of the people in the industry want the regulation because it preserves them.

Chairman Graham asked if there are any states where the non-Indian public is saying they should have equal status and be able to run casinos; **Director Miller** said yes, but there is also the counter-movement like in Wisconsin where there was an initiative to amend the state constitution and prohibit all gambling while still keeping the compacts previously entered into intact, so that the

tribes would have a monopoly on gaming. There was a recent failed attempt in Minnesota to expand off-reservation and put video games in bars and taverns, but people want to keep it on the reservations where the funds are helping the tribes. In Arizona, a compromise has finally been reached and there will be no table games, only slot machines, and now the horse racing industry wants slot machines in exchange for giving the state 86 percent of the profits just so people will keep coming to the track. He said this is the post-compact phase, where people want to compete. The impact on pull tabs and bingo is still being looked at. In Minnesota, pull tab sales are actually up, and that is unique.

Director Miller said he has a few items for executive session, a discussion on tribal negotiations and on pending litigation.

Chairman Graham called for an executive session after a brief recess and said the Commission will come back into session for the formal reviews at 2:30 p.m., when Yakima OIC shall give its presentation.

***** R E C E S S *****

FORMAL REVIEWS **2:30 P.M.**

Yakima Valley OIC, Yakima

Cally Cass-Healy said they were formed for educational purposes and hold a Class I bingo license and a Class I punchboard/pull tab license. Their statement of purpose is to provide job training, and educational and social services to unemployed and under-employed people. They have 18 voting members and had 10 general board meetings last year. They served 96,816 of the public last year through 209 employees and 77 volunteers. They gave more than \$11,342 in contributions and scholarships.

Henry Beauchamp, Executive Director, gave a presentation and introduced the board members present: Dr. Bob Alexander, Reverend Wyatt, Ms. Dee Hinton, Stella Vasquez, Robert Wheeler, and said two or three more would be arriving shortly. He introduced the treasure, Mulugeta Beyene; Housing Director Chris Link, Bingo Co-Managers Angie Espinoza and Vera Grover, and the snack bar manager, Mr. Harry Williams.

Mr. Beauchamp said the Yakima Valley OIC was formed in 1971 to provide job training, education, job placement and community services to clients in Yakima County. He said the OIC is probably the most diverse community-based organization in the state of Washington and has grown to be one of the largest. They have 123 employees and a \$9.1 million budget. They serve a diverse clientele and provide diverse services. The staff reflects the community they serve. The OIC is located in six cities across the state and serves as many as 6,000 clients annually with education, housing food assistance, energy/weatherization systems, job placement and more. He pointed out a display they set up in the back of the room to show some of the things the organization does, and they also have a couple of recipients of services who will address the Commission. He said there are two more board members who have just arrived: Mr. Avis Gonzales and Mr. Joe Gutierrez.

Chris Link said he's work for Yakima Valley OIC since 1977 managing low income conservation programs and housing repairs. The organization has weatherized or repaired approximately 1,500

low income households during the time he's worked there. He read three thank you letters from people expressing their gratitude for weatherization services. He introduced Ann Hoffman, who has received energy assistance and weatherization services.

Ms. Hoffman said her house was weatherized and electric bill has been cut in half. She has been short on funds due to a divorce and she now helps the program be volunteering for the energy assistance program. **Mr. Link** introduced Lupi Bravo.

Mr. Bravo said his relationship with OIC started in the eighth grade when he participated in a summer youth program at Western Washington University. He's been with the organization since and volunteered at St. Elizabeth's Medical Center maintenance department in 1990. In 1991, he was able to move up to radiology and then to surgery, which was his goal. He has seen a lot of change in the organization and in the role it plays in providing support for him to make positive changes in his life. He had problems with drugs and crime in the past, but is now, through the help of OIC programs, seriously considering a career in medicine. **Mr. Beauchamp** said Lupi had some stormy times, but he turned a 2.0 grade point average into a 4.0. He is now the vice president of his high school class and plans on becoming a surgeon.

Mr. Beauchamp introduced Velma Mays to share her experience. **Ms. Mays** said the OIC weatherized her home, which has helped her a lot. She said they only use kerosene for heat and this winter was a particularly bad one. Since her house was weatherized, she stayed warm and didn't have to pay a lot for power. **Mr. Beauchamp** said there are many more who could testify on the other programs they administer, such as alternative high schools for migrant workers and kids who fall behind. The program is aimed at helping those kids catch up and re-enter the regular high school or pursue a GED. There are programs in Sunnyside, Pasco, Ellensburg and Toppenish. He said they also have a food commodities distribution program in the county. He said Rich Tucker is another person who just arrived.

Chairman Graham asked what cities they are located in; **Mr. Beauchamp** said they are in Seattle, Pasco, Ellensburg, Toppenish, Sunnyside and Yakima, which is the main base. **Chairman Graham** asked how the OIC originated; **Mr. Beauchamp** said the OIC was started in 1964 by Dr. Leon Sullivan in Philadelphia and was created to assist people who were unemployed by preparing them to get jobs. It was successful and expanded to other cities. The Yakima OIC is the 100th OIC and was started as a job placement organization. Now they have expanded to include community service activities, they were designated in 1978 as a limited purpose agency for Health and Human Services responsible for Yakima County. **Chairman Graham** asked what OIC stands for; **Mr. Beauchamp** said "Opportunities Industrialization Center. **Commissioner Divine** said she and her husband worked with OIC in Spokane in 1964 when OIC first started; **Mr. Beauchamp** said Spokane is number 99 and that Yakima OIC went in right after the Spokane chapter received its number and that they may have been on the same trip to Washington, D.C.

Commissioner Tull said that one of the purposes for these reviews is to make sure the volunteers and organizers can meet and see the commissioners in person and testify as to the works they do with the money they get through licensed gambling and other sources. **Mr. Beauchamp** said the group appreciates the function of the Gambling Commission and they have no problem following the rules set down for licensing. He said they know their longevity depends on compliance and following the rules. **Commissioner Mosbarger** asked about the group's status with federal grants due to all the cut-backs in federal spending; **Mr. Beauchamp** said the organization has made it through many tough times, partly because of their positive relationship with the Governor's Office and through demonstrating to state agencies that they do perform and

they can deliver and meet goals. When it comes to block grants, the OIC is chosen to receive them because they've proven themselves. They are a great help in turning people around so they can work instead of turning to crime and ending up in juvenile detention centers or jail.

Commissioner Tull said the commissioners appreciate the time it takes to have board members and others come before them and that it's helpful to the Commission to learn of the good things that organizations are doing with the funds. He moved that the Yakima OIC be recertified; **Commissioner Divine** seconded the motion, motion carried (Commissioner Keefe abstained from voting).

Y.W.C.A., Yakima

Chairman Graham said that the YWCA would like to go now rather than wait for their scheduled time of 3:15 p.m. **Ms. Cass-Healy** said the Yakima YWCA is a charitable organization with a statement of purpose that states, "to be a strong and vital force in the community that is responsive to the needs of women and their families. They have a Class K bingo license and a Class L punchboard/pull tab license. There are 270 voting members; one general meeting was held last year and 11 board meetings. They served 4,500 clients last year through 40 employees and two volunteers and gave \$16,200 in contributions.

Margaret Brown, Executive Director, gave a presentation. She thanked the Commission for granting their bingo license, which provides much of the funding to support their programs that improve the lives of women and their families in the Yakima Valley. She introduced the board members and staff present: Letty Ann Ginn, Vicki Mitchell, Sara Ottem, Kathleen Anderson, Paula Pierce, Siri Stueckle, Deb Treusdell, Eileen Piersa, Shirley Sutton, Darleen Lust, Christy Silvas, Carol Choate, Tina Foster, Virginia Calfrobe, Kathy Carnes, Verna Northrup and Peggy Baken-Weed. **Ms. Brown** said the Yakima Valley YWCA has been meeting the needs of the community since 1909, when they met the women at the train station and gave them a place to stay. In addition to serving women, they also serve men and children. The board of directors is elected by the members, and there are currently 300 voting members. Over the years, the YWCA has prided itself in taking on activities and programs that are important and that were considered "too hot to handle" by the community. The Yakima YWCA was the early local home for the National Organization for Women, the League of Women Voters and Planned Parenthood. They currently provide programs from four facilities located in Yakima, Union Gap and Cowiche. In 1992, they served more than 4,000 men, women and children in a variety of programs. She said they have a few handouts to go through. The first is the organizational chart, which shows that the bingo manager reports directly to her and she reports to the board, so there is a very strong and direct line of control. The second is a list of current board of directors to show the breadth of community support and representation on the board. The pie charts indicate sources of revenue and distribution of funds. Gaming -- including bingo, pull tabs, raffles and concessions -- represents 30.9 percent of total income. Family crisis is the largest user of the resources and is the most important programs that they run. Next is a summary of the programs, how many were served in each program last year and the percentage of total program costs represented.

Ms. Brown said they are best known for the battered women's shelter, which is the only one in the area. It provides temporary housing for women and their children who are coming out of abusive relationships and need protection. The women work with counselors for guidance and information so they can have the tools to decide what to do next. The anger management groups teach people -- men and women -- to deal with anger in healthy ways. The children at risk program involves counseling and prevention services to children who have experienced domestic violence

or are at risk of abuse. They work with children and the schools, and they also teach classes at high schools about domestic violence in dating relationships. The YWCA also has a legal advocacy program, which works with women to help them through the court system and the paper work. One of the primary activities is protection orders.

Mr. Brown said their organization runs two child care facilities, one in Yakima, one in Cowiche. They provide quality full time and part time care on a sliding scale fee to address some of the concerns of low-income working parents and single parents. They also accommodate infants. Their volunteer attorney service provides low-income individuals with referrals and advice on family law and assistance in uncontested divorces.

Ms. Brown said their Toughlove program is a parent support group that helps parents deal with children who are out of control and exhibit totally unacceptable behavior, such as calling their parents at 3:00 a.m. from jail. The Woman's Place is a resource center that provides personal enrichment workshops, support groups and referral assistance to other YWCA programs. The residence program is probably the most widely known of their services through the years. It's not as large as it used to be, but they still do have housing for single women who are in transition and need a place to stay to figure out how to get back on their feet financially.

Ms. Brown said the Working Women's Wardrobe program is the easiest because it doesn't cost anything to provide the materials and there is a volunteer who runs the program. The only thing the organization provides is the space. They accept donations of work clothing for women, and women from colleges and technical schools who are low-income come to choose outfits for job interviews and to wear to begin their first few days on the job.

Ms. Brown said they also have their own version of the underground railroad, which is a series of women's shelters where women who are fearful of staying locally can go to. due to the nature of the programs for low income working women and women in fear for their personal safety, she said they don't have anyone here in person to address the commission, but she has thank you letters, which she read and that can be found in the packets that were handed out.

Chairman Graham asked how many members here have attended the Gambling Commission's training program for bingo licensees (several people raised their hands). He told the group how important it is that the members know their responsibility of making sure the bingo game is run correctly and honestly.

Commissioner Tull emphasized that, through these formal reviews, the Commission becomes familiar with the types of organizations that are licensed for gambling and what they do with the funds. He commended the Yakima YWCA for its efforts and urged the group to keep up the good work.

Commissioner Tull moved for recertification of the YWCA of Yakima; **Commissioner Mosbarger** seconded the motion, motion carried with four aye votes (Commissioner Keefe abstained from voting).

RECERTIFICATION REVIEWS

AMERICAN LEGION #68, Bremerton

Ms. Cass-Healy said they are a patriotic organization with a Class F bingo license and two Class H punchboard/pull tab licenses, one in the lounge and one in the bingo hall. The organization's statement of purpose has not changed; they have 829 voting members, had 24 general meetings and 12 board meetings last year. The organization maintains a recreational and social club in Bremerton. They award scholarships, fund sports teams, provide hall space to the general public and make cash contributions to non-profit organizations in the community. They served approximately 2,300 clients last year through 19 employees and 70 volunteers. They gave away \$2,350 in contributions and scholarships; 74.3 percent of total revenue was provided by gambling; bingo net income was 13 percent of total revenue and program services consisted of 58.4 percent of total expenses. During 1992, the organization sponsored crime and fire prevention programs and an adult bowling league. Staff recommends recertification as a patriotic organization.

Commissioner Mosbarger moved for recertification; **Commissioner Tull** seconded; motion carried (Commissioner Keefe abstained from voting).

D.A.R.E, TACOMA

Ms. Cass-Healy said they are a charitable organization with a Class G bingo license and a Class H punchboard/pull tab license. Their statement of purpose remains unchanged. They have 15 voting members, had one general meeting and four board meetings last year. The programs are designed to fulfill recreational and educational needs that are not available through local and state agencies, including services for the elderly and disabled, advocacy services, education and in-service training programs and providing equipment. They served a total of 3,348 clients last year through seven employees and 259 volunteers. Net gambling revenues totaled 90 percent of total expenses were for programs. Three employees earned more than \$30,000 for the year, four officers or board members were compensated more than \$1,000 and there was one reportable related-party transaction. Staff recommends recertification as a charitable organization.

Chairman Graham asked why the other gambling totals (\$77,000) twice as much as the bingo, and if there are club rooms in two different locations. **Mr. Bishop** said that's in profit; their expenses were about half for punchboards/pull tabs, and their prizes are much lower for pull tabs; for bingo the prizes are considerably higher. They did \$1.4 million in bingo, \$700,000 in punchboards/pull tabs, which is not a typical situation. The wages are low, they make their net income and everything looks in line.

Commissioner Divine moved for recertification; **Commissioner Tull** seconded; motion carried (Commissioner Keefe abstained from voting).

TOTAL LIVING CONCEPT, Kent

Ms. Cass-Healy said they hold a Class H bingo license and a Class H punchboard/pull tab license, and they are a charitable organization. Their statement of purpose is unchanged from last year, membership consists of 40 voting members; they had one general meeting and 12 board meetings last year. The staff provides basic instruction for disabled persons on managing daily tasks. There are three programs administered to promote community integration and social interaction. They served 40 clients last year through 79 employees (32.3 FTEs). Net gambling revenues totaled 26.5 percent of total revenues and bingo net income was 19.6 percent of total revenues. Program services consisted of 83.4 percent of total expenses. The organization purchased its bingo facility and is currently renovating. They also added a new program called the White House. Two employees (one is an officer) earned more than \$30,000 for the year and one

part-time employee earned more than \$15 per hour. Staff recommends recertification as a charitable organization. **Chairman Graham** asked Mr. Bishop if this is the same organization that had problems a few year ago. **Mr. Bishop** said yes, this group had a complete change of management because previously there was a family set up that came in and rented houses, and they were renting their own houses. There was a complete turnover after the Commission had a discussion with them in 1987; that group is now out and the current management is doing a great job.

Commissioner Tull moved for recertification; **Commissioner Divine** seconded the motion; motion carried (Commissioner Keefe abstained from voting).

Commissioner Mosbarger said there's one thing she'd like bring up. The tavern owners were unable to come to this meeting because they have a convention in Everett this weekend. She wondered if it would be a good idea to coordinate the Commission meetings with organizations' conventions when possible, because the Everett Commission meeting could have been coordinated to fall on the same week as their convention. **Commissioner Graham** said that would be a good idea and asked Susan Yeager, Executive Secretary, to check with the industry organizations to find out when the conventions will be next year before the Commission meeting locations are confirmed.

Chairman Graham adjourned the meeting until Friday morning at 10:00 a.m.

WASHINGTON STATE GAMBLING COMMISSION

MINUTES COMMISSION MEETING FRIDAY, MAY 14, 1993

Chairman Graham called the meeting to order at 10:00 a.m., at the Red Lion Hotel, Yakima, Washington.

MEMBERS PRESENT:PATRICK GRAHAM, Chairman; Commissioners THOMAS KEEFE, ROBERT TULL, ARDITH DIVINE and WANDA MOSBARGER, and Ex Officio Member REPRESENTATIVE JUDI ROLAND.

OTHERS PRESENT:FRANK MILLER, Director; SHARON TOLTON, Special Assistant to the Director; BEN BISHOP, Assistant Director; NEAL NUNAMAKER, Deputy Director; CALLY CASS-HEALY, Program Manager; JONATHAN MCCOY, Assistant Attorney General; SUSAN YEAGER, Executive Secretary.

Chairman Graham began with introductions.

APPROVAL of MINUTES

Commissioner Mosbarger moved for approval of the minutes from the April 15-16, 1993, meeting in Everett; **Commissioner Divine** seconded the motion, motion carried.

RULES

Chairman Graham said the rules would be taken according to heading. **Ms. Tolton** said Item 3A rules are up for final action and staff is requesting an effective date of July 1, 1993, with the exception of item 14, which has already been filed as an emergency rule.

LICENSING

Ms. Tolton said Item 3A (1) under licensing is recommended as an amendment by staff and is designed as a clarification of the criteria provided for denial, suspension or revocation of licenses. This is WAC 230-04-400.

Commissioner Mosbarger moved for approval; **Chairman Graham** asked for public comment on this rule. **Director Miller** said he'd like to confer with counsel for a moment before action is taken on this rule; **Chairman Graham** said that's fine. **Director Miller** said this puts forth the grounds for the ability of the Commission to deny, suspend or revoke licenses. One of the concerns is with the growing jurisdiction involved in gambling and if the law covers enough. He was asking Mr. McCoy if paragraph three -- "has demonstrated willful disregard for complying with ordinances, statutes, administrative rules or court orders, whether at the local, state or federal level" -- was

broad enough to cover Washington state. He said he's been assured by Mr. McCoy that it is broad enough. **Mr. McCoy** said yes, he believes that is correct, and that as a matter of interpretation, that's enough. **Commissioner Tull** said he agrees and would interpret it the same way.

Commissioner Mosbarger moved for approval; **Commissioner Tull** seconded the motion, motion carried.

COMMERCIAL AMUSEMENT GAMES

Ms. Tolton said Item 3A (2) and (3) relate to commercial amusement games. Item 3A (2) is WAC 230-20-670, and was proposed by staff as an amendment housekeeping change for it to read "shall allow operation" instead of "shall locate." Staff recommends final adoption. Item 3A (3) is WAC 230-20-685 and is another housekeeping change to a commercial amusement game rule. It basically is to comply with the recent amendment to 230-04-138 section K, which allows commercial amusement games to be operated in grocery stores. **Commissioner Divine** moved for adoption, **Commissioner Tull** seconded the motion, motion carried.

CARD ROOMS

Ms. Tolton said that Item 3A (4) is WAC 230-40-055, relating to card rooms and is a staff proposal for amendment. It provides for the addition of a free-roll or customer appreciation tournament requirements in paragraph 2. Staff is recommending final adoption. **Chairman Graham** called for public comment; hearing none, he called for the vote. **Commissioner Mosbarger** moved for adoption, **Commissioner Divine** seconded the motion, motion carried.

PUNCHBOARDS/PULL TABS

Ms. Tolton said she'd like to take Items 3A (5) and (8) together because it's the same reason for the rule change, and also take (6) and (9) together. The reason for (5) is to delete the provision for electronic punchboards because no device currently exists; and the reason for (8), WAC 230-30-060 -- punchboard restrictions, also amends the rule for the same reason, to delete the provision for electronic punchboards. Staff recommends final adoption for these two; **Commissioner Divine** moved to adopt items 3A (5) and 3A (8); **Commissioner Tull** seconded the motion; motion carried.

Ms. Tolton said items 3A (6) is WAC 230-08-010, monthly records, and is proposed by staff for final action and adds computer record keeping requirements. She said Assistant Director Bishop is handing out copies of a minor housekeeping change, which the agency's assistant attorney general (Jon McCoy) has determined to be non-substantive. Item 3A (9), WAC 230-30-072, is to add computerized record keeping requirements. Staff recommends final adoption of both of these rules. **Commissioner Mosbarger** moved for approval of items 3A (6) and 3A (9), **Commissioner Divine** seconded the motion, motion carried. **Commissioner Tull** said he wanted to clarify that this was to include the amendment; **Commissioner Mosbarger** said yes.

Ms. Tolton said Item 3A (7) is WAC 230-25-160 and is proposed by staff. It makes the FRE environment consistent with changes made to pull tab rules. Staff recommends final adoption. **Commissioner Divine** moved to adopt; **Commissioner Tull** seconded the motion, motion carried.

PULL TAB DISPENSING DEVICES

Ms. Tolton said Items 3A (10) through (13) all relate to pull tab dispensing devices. Item 3A (10) is WAC 230-30-080. All these rules are to consolidate and clarify standards and requirements for coin-operated pull tab dispensing devices. Staff recommends final adoption. Item 3A (11) is the repealer, WAC 230-30-095. Item 3A (12) is a new section, WAC 230-30-097, and provides standards for these devices and Item (13) is WAC 230-30-100. Staff is recommending final adoption of items (10) through (13) regarding pull tab dispensing devices. **Director Miller** said these rules remove review by the Commission of these dispensing devices, because it is somewhat burdensome for staff to carry these devices all around the state and is a waste of time to bring them to the meetings. The devices are still examined and are subject to seizure, it just does away with the review process at the Commissioner level. **Mr. Nunamaker** said it consolidates the current rules and adds the provision for a sign on the machines, when a bill acceptor is used, saying whether or not change will be returned or not.

Commissioner Mosbarger asked about number 11; if that one is going to be voted on separately since it is the repealer, or if it will be taken along with the rest. **Chairman Graham** said all four would be taken together unless she would like to take them separately. **Ms. Tolton** said the filing on those rules, regardless of whether it's repealed or an amendment, is done all under the same process, so it's not necessary to take them individually. **Commissioner Mosbarger** moved for adoption of items 3A (10) - (13); **Commissioner Divine** seconded the motion, motion carried.

PROMOTIONAL ACTIVITIES - BINGO

Ms. Tolton said Item 3A (14) is a new section, WAC 230-20-111. There were some statements for and some statements against, and the Commissioners were provided with copies at the last meeting regarding this rule. A letter was sent to bingo licensees advising them of the emergency passage of this as a WAC, and requesting any input in writing prior to this meeting, at which final action was going to take place. However, staff is requesting a continuance of this rule. Under emergency passage, it will survive for a total of 120 days, and staff is requesting to continue it to the June agenda. **Chairman Graham** asked members of the audience to address the Commission if there are any comments. Hearing none, he agreed to move this to the June agenda.

ITEM 3B - Discussion only

Chairman Graham said to move to Item B, which is for discussion only and final action in June. **Ms. Tolton** said that, for Item B, staff is requesting an effective date of January 1, 1994, on these rules. She said she'd like to take number (7), card rooms, and then Mr. Bishop will take the bingo rules. **Mr. Bishop** said the bingo rules should be made effective in July. **Ms. Tolton** said it can't be filed sooner than 31 days after filing, and if it's final action in June, then that will take it past the July 1st date. **Director Miller** said the intent of this packet is for them to be effective in July. **Don Kaufman** asked for a clarification of the effective date. **Director Miller** said the bingo packet was late in getting on the agenda, so the intent is for the entire packet to take effect 30 days after (and if) it is passed in June. For the most part, rules will be effective July 1 and January 1, twice a year. This packet will be an exception and will take effect approximately July 20 if it is passed in June.

CARD ROOMS

Ms. Tolton said that Item 3B (7) is WAC 230-40-125, Washington Blackjack. This rule was proposed by the Recreational Gaming Association and card room study group in conjunction with staff and basically provides for a player collection on a natural 21 to go from twice the amount of their bet to 1.5 times the amount of the bet. There are also some housekeeping changes to this rule. **Mr. Nunamaker** said one of the provisions is for passing the deal. In Washington Blackjack, currently, after each shoe, the deal passes. A player who chooses not to deal must sit out two hands. The operators feel this rule discourages play because many people do not want to deal. Modifications on passing the deal may increase play or a more consistent play. **Commissioner Mosbarger** asked why the rule said they must sit out two hands in the first place. **Mr. Nunamaker** said the fear is that an individual may monopolize and then it becomes a regular blackjack game. The rules originally were to force the deal to be passed. **Director Miller** said after testing this for a year, the probability is very slim that one player would monopolize the deal. There aren't many card rooms in the state that authorize this activity, and many operators have asked why players should have to sit out if they don't want to deal when a lot of players do like to deal. He said staff is quite confident this change will not cause problems. If it does, it will be addressed again. This, with the wagering limit clarification, will make it more consistent with normal standards and with those in tribal operations.

BINGO

Mr. Bishop said Items B (1) through (6) consist of a packet of rules resulting from the bingo study committee after more than a year of discussing various aspects that need to be upgraded. The committee and staff are in full concurrence on these rules. He asked if there were any questions. **Chairman Graham** asked if any members of the public wish to address the Commission on any of these items; hearing none, he moved to Item 4, Unfinished Business.

UNFINISHED BUSINESS

Director Miller said that there are a couple of items. Staff submitted a memo to the commissioners regarding ATMs, bank card machines, inside the facilities. He asked if the Commission would like to continue the discussion. He said the rules have always prohibited credit as a means for payment in a gaming facility, but that leaves the question of ATM machines and their prevalence today and whether or not they should be considered credit from the house to the player. The agency does not consider it credit from the house to the player, and it is not in violation with any current rule.

Chairman Graham said he has spoken with Deputy Director Nunamaker, and the Commission feels that the ATMs are something that will not be stopped. If they are located within the buildings, they should be located away from the gambling activity as far as possible. Until there are any problems, he sees nothing wrong with not addressing the issue at this time. **Commissioner Mosbarger** said she agrees; **Commissioner Divine** agreed also. **Director Miller** said he would probably issue a memo to the licensees and send copies to the agents to help everyone understand what the policy is. **Chairman Graham** said it is the wish of the Commission that common sense be used in the placement of those machines. **Commissioner Divine** asked if the ATMs can cash checks. **Director Miller** said yes, some can, and some issue a voucher. **Mr. Nunamaker** said most cannot issue cash for checks, and that's the prerogative of the bank and the ATM companies.

Director Miller said the second item is regarding Fortunet, a company that demonstrated their machine before the Commission a couple of years ago. It was a bingo system that allowed

players to purchase numerous bingo cards and play them with a computerized screen as opposed to pieces of paper. Staff has looked at the system again and sees no violation. The cards are purchased as normal, and if players wanted to purchase a large amount of cards, they could rent a terminal that makes it easier to keep track of all the cards. The paper cards are put into the terminal, so it plays the cards for the player by keeping track of the bingo cards. There is already a device out there being used called the Bingo Minder, which has been in place for five years or more. The code is put into the Bingo Minder to keep track for the players. Fortunet's system is very similar. **Director Miller** said he has a memo to distribute to the commissioners and if they have concerns they can let him know. Some of the tribal halls have this already. Staff finds no rule violations found with this device. Eventually, the operator will have to be licensed, but right now there is no requirement to license bingo paper. **Chairman Graham** asked if this is in violation with the moratorium on gambling by the Legislature. **Director Miller** said some may think so, but the agency does not see it as an expansion because it is basically just to keep track of cards. It does not change how the game is played. **Chairman Graham** asked if it encourages people to spend more money and gamble more. **Director Miller** said it doesn't do anything more than the Bingo Minder does, and that has been out in the bingo halls for five years. This is just another product. It has been reviewed by staff thoroughly. **Commissioner Tull** said the moratorium was so the Legislature would not pass any bills that would expand gambling, and he is comfortable that this item would not violate that. **Director Miller** said that the staff is looking at eventually licensing bingo paper, and at that time this organization would have to come in and be license by the Commission and comply. **Mr. Bishop** said there would probably not be more than 15 in any one location. They are usually installed in sections of five, so he doesn't think there will be large electronic bingo parlors as a result of this device. The player still must enter the numbers and keep track of what is called. They must touch the screen for the numbers called and then the machine upgrades the cards. **Director Miller** said the first time Fortunet came before the Commission, the player didn't have to do anything to keep track, and they have since changed it so it still plays like bingo.

COMMENTS OF PUBLIC OR PUBLIC OFFICIALS

Director Miller said that Pat Sexton of Central Amusement Company, a distributor, would like to address the Commissioner regarding distributor pricing. **Pat Sexton** said he's speaking to the Commission on behalf of the Washington State Gambling Distributors Association. He said the Association's impression of what came out of yesterday morning's meeting between staff and the distributors is that the Director will send a letter on Monday morning to all the distributors in the state of Washington stating that WAC 230-12-200 will be enforced as written. If any clarification is needed on areas that may be unclear, he said they ask the Director to try and clarify it. He said it was also decided that, at the June 10th meeting, Thursday morning, staff and the distributors will get together and continue to work on this pricing issue. He feels for everyone involved, because this is a very, very difficult issue and to get movement will be kind of like kicking a hog barefoot, but he hopes that someone will put some shoes on and try to get that hog to move.

Chairman Graham asked if there were any questions or further comment on this issue. **Director Miller** thanked Mr. Sexton for his comments and said this is a difficult issue and there are a lot of competing interests in this group. The sincerity is there to try and make the system better, but the diversity amongst the members makes it difficult to reach total agreement. Staff does not want to over-regulate this, but the agency must ensure the free flow of product to the operators in a manner that is clean and legal. He said he would issue the memorandum and will try to get it out on Monday, if not Monday it will be mailed first thing on Tuesday. This rule will be enforced, and this memo will put people on notice of that.

Chairman Graham said the Commission will meet on June 9th for two Indian tribe compact hearings; and on the evening of the 9th, the commissioners will be at the Sheraton Hotel in Seattle. The Commission meeting will be on the 10th and 11th of June, and he'd like to have the distributors meeting held at 11:00 a.m. on Thursday so that the commissioners will be able to attend the meeting. **Commissioner Tull** said that he will not be able to attend the Thursday meeting due to his son's high school graduation.

Chairman Graham asked if there were any more comments. **Ms. Tolton** announced that there will be a short staff report at the June meeting regarding the conclusions of a Lottery-sponsored survey on adolescent problem gambling.

Chairman Graham adjourned the meeting.

NOTE: THESE PRINTED MINUTES PLUS THE TAPES CONSTITUTE THE FULL MINUTES.

Susan D. Yeager
Executive Secretary